



13th July 2006

Dear friends and colleagues,

Let me first send you my regards before updating you of the latest developments with LCA and PFO Airports.

As you may already know, from midnight the 12th of May 2006 both LCA and PFO Airports are under the management and control of Hermes Airports Ltd who under an agreement with our Government they will also undertake to built new airports for LCA and PFO estimated to be completed in 3 ½ years for LCA and 2 ½ years for PFO.

Under this agreement, Hermes Airports Ltd has introduced some additional fees effective the 13th of May 2006 and for which we have been notified on the 6th of July 2006.

We send you by fax all the fees plus explanatory notes as received by Hermes.

In summary, they have converted the existing airport fees from CYP to EUR and they have added VAT at 15% on the outgoing passenger tax. Also the CUTE fee is now EUR0.45 instead of USD0.45

They have introduced (in summary and indicative for LCA) five new fees varying according to airport and period (from the 13/5/06 until completion of both airports), as follows:

- a. Air Bridge Rental Charge: Applicable in about three years.
- b. Fire Service Recovery Fee: Applicable from the 13/5/06 and now EUR 0.22 per in/out passenger
- c. Security Fee: Applicable from the 13/5/06 and now EUR0.39 per departing passenger
- d. Fuel Throughput Fee: Applicable by the refuellers
- e. Ground Handling Fee (Nothing to do with our fee) : Applicable from the 13/5/06 and now EUR1.74 per in/out passenger

Notes:

1. They have omitted by error to include the landing permit and also the check-in counter which stays as it is at CYP12.50/check-in counter for those operators using check-in counters.

2. Referring to the 'Attachment 2' enclosed, under item '5' Phase 1 is the stage of completion of the airports.

3. These fees (the existing plus the new) are paid by us on your behalf.

I would be more than happy to answer any questions in regards to the above fees and in the meantime I will keep you informed of any other changes.

My very best regards,

Dinos Tsoupanis
Director

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Attachment 2Notes

1. From 1 November 2009 and at the end of each subsequent two (2) year period the limit of each regulated airport charge shall be amended by an amount equivalent to the charge in the Index over the preceding two (2) year period.
2. The special fees for police guarding of aircraft are to be paid by Hermes Airports to the Government i.e. this is not a service provided by Hermes Airports and nor are the fees retained by Hermes Airports.
3. On the anniversary of the Indexation Date the 'Additional Regulated Airport Charges' will be indexed with the indexed amount to apply five (5) working days after the Indexation Date.
4. In regard to the:
 - ❖ Fire Service Recovery Fee
 - ❖ Ground Handling Fee
 - ❖ Fuel Throughput Feethese will be phased in as follows:
 - ❖ 25% of full charge from 13 May 2006
 - ❖ 50% of full charge from 1 July 2006
 - ❖ 75% of full charge from 1 January 2007
 - ❖ 100% of full charge from 1 July 2007
5. In regard to the Security Fee this will be phased in as follows:
 - ❖ One third of full charge from 13 May 2006 until the day on which the Phase 1 Development Works for Larnaka and Pafos (respectively) are completed
 - ❖ 100% of full charge from the above completion dates
6. The charges referred to in 4 and 5 above will also be increased in accordance with the Index for the Project Years i.e. from 13 May 2006 to the completion of the Phase 1 Development Works for Larnaka and Pafos (respectively).

Attachment 1**AIRPORT CHARGES****1. Existing Regulated Airport Charges - from effective date to 31 October 2009**

Fee & Description	From 1 November 2007	From 1 November 2009
(i) Passenger Fares		
(a) subject to (i)(b) below, per every enplaning Passenger	15.65	18.26
(b) per enplaning Passenger that is the holder of reduced student, young, or child ticket (introduction of new scheme for the inclusion of child ticket)	8.69	10.43
(ii) Landing Fees		
(per ton or part of it)		
(a) Up to 50 tons	3.83	4.52
(b) From 51 – 150 tons	4.26	5.04
(c) More than 150 tons	4.87	5.65
(d) Minimum fees	24.34	29.56
(iii) Landing Fees during the night	20.00%	20.00%
(percentage on the normal landing fees in addition to the normal landing fees)		
(iv) Parking Fees for a time period of more than 2 hours	15.00%	15.00%
(percentage on the landing fees, including aircrafts up to 2.5 tons which are registered in Cyprus which are currently excluded according to the current law)		
- Minimum Parking Fee for a time period of more than 2 hours and for every time period of 12 hours or part of it	20.87	24.34
- Annual Parking Fee for aircrafts up to 2,5 tons	1,017.22 Per calendar year or part of it	1,191.11 Per calendar year or part of it
- Additional Parking Fee for more than 24 hours for every ton or part of it and for every 12 hour period or part of it	1.74	1.74
- Aircraft that are moved to the hangar for repair/maintenance will not be subject to any Parking Fees while they are there	-	-
(v) Fees for every 3 hour period of training flights, landing or departure and landing of passenger aircrafts		
(a) For aircraft up to 5 tons	43.47	52.17
(b) From 6-20 tons	408.63	478.18
(c) From 21 – 60 tons	1,060.69	1,243.27
(d) From 61 – 100 tons	1,530.18	1,791.01
(e) From 101 – 150 tons	2,034.45	2,382.22
(f) More than 150 tons	2,643.04	3,095.14
(g) Additional fees for every 50 tons or part of it for aircrafts more than 200 tons	608.60	695.54

Attachment 1

Part A (Pafos)	Part B (Larnaca)	Part C (Limassol)
(vi) Passenger transport fare		
From and to aircraft with bus - Per each way		
- From and to the aircraft for the transportation of 50 passengers	60.86	71.29
- Additional fare for the transportation of more than 50 passengers for every 50 passengers or less	20.87	24.34
(vii) Service fee for Cargo aircrafts	50.00%	50.00%
Percentage on the landing fees		
(viii) Loading and Unloading fees	50.00%	50.00%
Percentage on the landing fees		
(ix) Special fee for security of passenger aircrafts	15.00%	15.00%
Percentage on the landing fees This fee will be imposed under the circumstances where the following are asked: (a) Luggage control (b) Additional security control of hand luggage and/or passengers (c) Security control of items/cargo/person near or in the aircraft (d) Security control of items/cargo in the airport premises with or without x-rays		
(x) Special fees for police guarding of aircrafts	18.26	21.74
For every policeman guard for the time period of one hour or part of it		
(xi) Special fees for fire brigade services	41.73	48.69
For every fire engine for every hour or part of it		

2. Additional Regulated Airport Charges

Charge	Amount in €
Air Bridge Rental Charge	€95.64 per connected aircraft for the first 2 hours €95.64 per hour thereafter (in Larnaka only)
Fire Service Recovery Fee	€0.43 per Passenger at Larnaka €0.61 per Passenger at Pafos
Security Fee	€1.17 per departing Passenger
Fuel Throughput Fee	€0.009 per litre
Ground Handling Fee	€3.48 per Passenger
CUTE Fee	€0.45 per departing Passenger